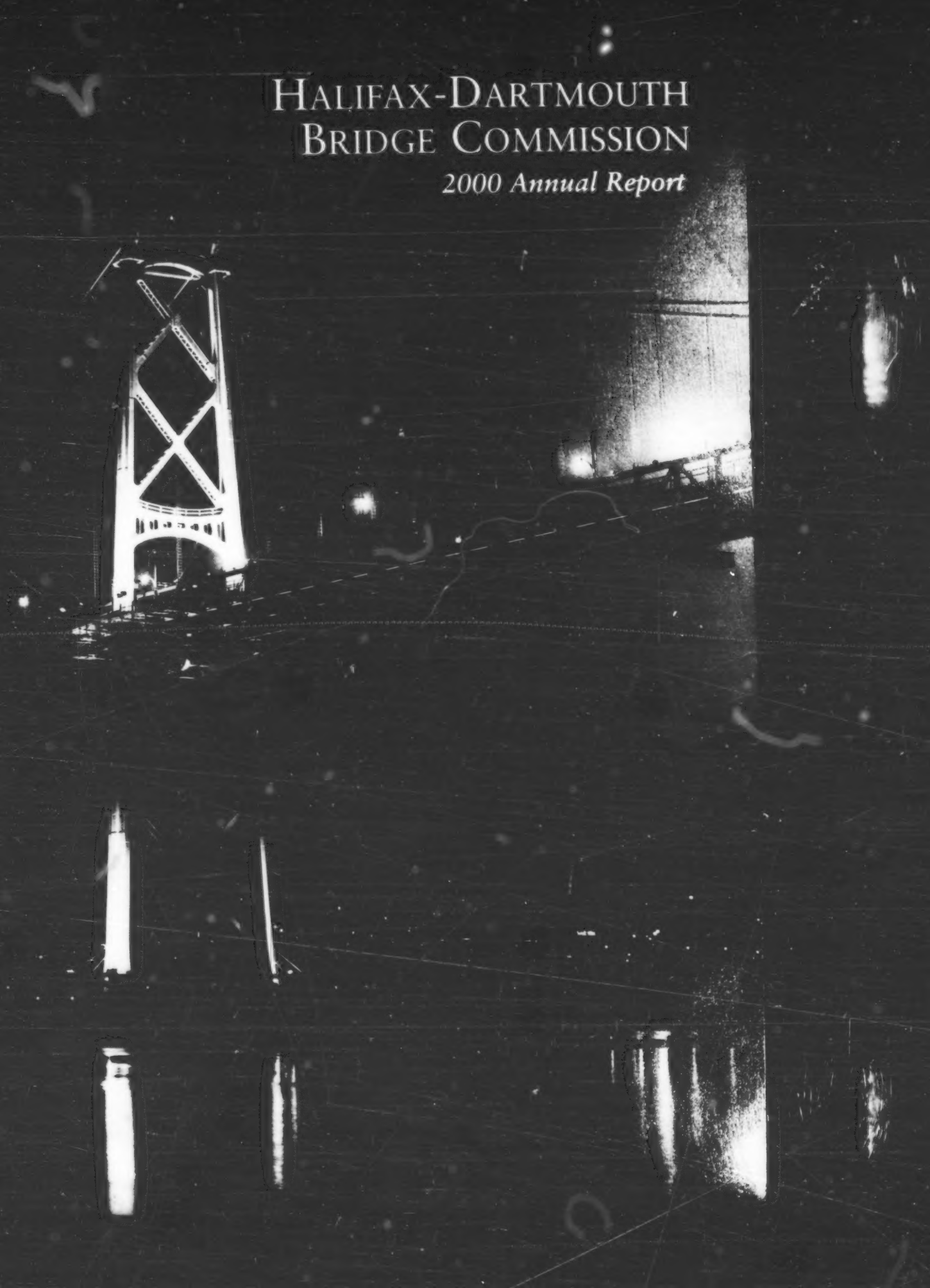
Halifax-Dartmouth Bridge Commission

2000 Annual Report



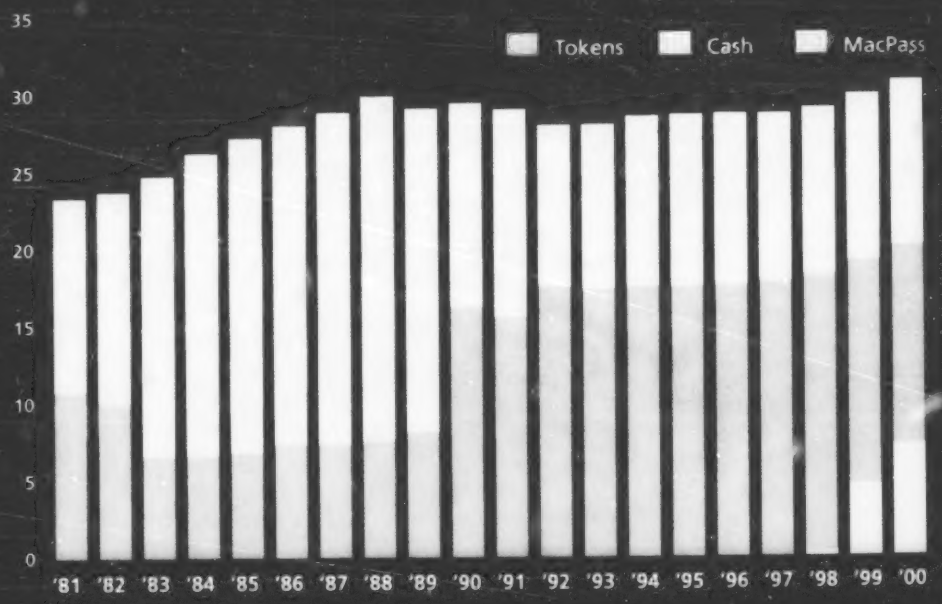
traffic on the move....

Highest traffic day ever recorded:
Friday, October 27, 2000 – 109,383 crossings

Previous highest traffic day ever recorded:
Friday, October 23, 1987 – 107,881 crossings

Number of days exceeding 100,000 crossings...
In 2000: 68
In 1999: 25
In 1998: 4

Total Annual Traffic Volume
Number of Crossings (Millions)



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CHAIRMAN'S MESSAGE

The Halifax-Dartmouth Bridge Commission (HDBC) celebrated the arrival of the year 2000 by co-hosting with Halifax Regional Municipality (HRM), a dynamic display of fireworks on New Year's Day. This was followed by turning on the new floodlights on the entire length of the Angus L. Macdonald Bridge. The bridges have always been local icons, and are even more so now that the Macdonald Bridge illuminates the harbour every evening.

Another highlight of our year was hosting thousands of spectators when the Tall Ships visited Halifax in July. For this occasion, we provided unobstructed viewing from the south side of the Macdonald Bridge, which was decorated with Canadian flags.

In 2000, the Commission marked its highest number of total crossings ever at 30.8 million, one of the highest per capita toll bridge usages in North America. The most visible contributor to the efficient handling of the record number of crossings in 2000, is the third lane on the Macdonald Bridge. However, the contribution of our electronic toll system continues to be substantial, as by the end of 2000, *MacPass* users accounted for more than 25% of our total traffic. On average, we issued 32 new transponders per working day, or 8,000 for the year. In spite of this gratifying increase in transponder usage, I am at a loss to understand why more of our customers don't use *MacPass*. I feel that every bridge user should have a *MacPass* for convenience, cost savings, and to enjoy the elimination of congestion at the tolls.

As a result of the increase in traffic by 990,000 vehicles, we have also seen an increase in revenue for the year 2000. Toll revenue is up $910,000, while total revenue is up $998,000. Expenditures are also up primarily due to installation of surveillance cameras, stringer reinforcement, ongoing pier repairs and increased depreciation. A review of our financial statements in the Management Discussion & Analysis indicates revenue and expenditures are up and as our bridges age, the need for improvements and repairs increase placing greater demand on our financial resources. However, our cash flow is positive and we have established and contributed $5,000,000 to two new funds in the year 2000, which are earmarked for debt reduction.

Safety is one of the Commission's main priorities. We are committed to the greatest degree of safety for all staff members and customers. In pursuit of excellence in this area, we maintain up-to-date safety equipment, monitor traffic behaviour, and provide extensive training for staff on safety issues.

The Macdonald Bridge Third Lane Project resulted in professional recognition for our consulting engineers, O'Halloran Campbell Consultants Limited and our Public Information Officer, Wendy Barnable, who received awards for their work. We are delighted that they received this recognition and would also like to recognize the hard work of all our staff and members of the Canadian Corps of Commissionaires.

The Commissioners (our Board) have also assumed our proud tradition of public service and accountability. It is not easy to make decisions that affect a broad spectrum of residents, but our board members are very faithful in directing their attention toward serving the traveling public. The Commission could not function properly without the strong efforts of staff, Commissionaires and the board.

This past year, news of the death of my predecessor Reginald Prest, was received with considerable regret. Mr. Prest served as Chairman of the Board from 1985-1992 and perhaps the greatest contribution of the board under his direction, was the repatriation of the foreign loan.

H.L. Doane, F.C.A.

In last year's report, I mentioned that HRM Councillors Harry McInroy and Jack Greenough were joining our Board in January 2000. Mr. Greenough did not re-offer for Council in October 2000, and was replaced on our board by Councillor, Len Goucher. I want to thank Jack for the valuable contribution he made during his term with us and welcome Len Goucher to our board.

Finally, I would like to thank our customers for their patronage and patience during difficult times, such as construction delays and snow removal. We try very hard to please our customers and operate the bridges as efficiently as possible. The complimentary remarks we often receive are greatly appreciated.

H.L. Doane

H.L. Doane, F.C.A.
Chairman

Corporate Overview

Our Mandate and Structure

The HDBC was created in 1950 by a statute of the Province of Nova Scotia. With the approval of the Governor in Council, the Commission has the power to construct, maintain and operate bridges and the necessary approaches across the Halifax Harbour and North West Arm, or either of them.

As a commission of the provincial government, financing is approved by the Nova Scotia Cabinet and as a public utility, the Nova Scotia Utility & Review Board approves toll rates. The HDBC is self-funding and the bridges are operated on a user-pay basis without tax dollars. As well, the Commission's loans are not guaranteed by any level of government.

There are nine members on the Commission's Board. The Province of Nova Scotia appoints five members, including the Chairman and Secretary, while Halifax Regional Municipality appoints four of its councillors to the Board. Within the board structure, there are standing committees dealing specifically with finance, public relations and maintenance.

The HDBC employs 28 permanent administrative and maintenance staff, 50 members of the Canadian Corps of Commissionaires on a contract basis, and 50 seasonal painting and gardening staff.

Our Operations

The HDBC operates around the clock, 365 days a year.

The Canadian Corps of Commissionaires have provided services for the HDBC since 1955. The Commissionaires are primarily responsible for the collection of over $22 million in tolls annually; they also monitor traffic with video surveillance, provide quick response to accidents and incidents, while minimizing traffic disruption, and offering general assistance to customers.

Radar operations are conducted regularly to control speed on the bridges and enhance safety. All Commissionaires have Special Constable status, enabling them to enforce Bridge Commission By-laws and the Motor Vehicle Act.

The newest aspects of our operations, which have greatly improved the level of service and convenience we provide to our customers, are the addition of the third lane on the Macdonald Bridge and *MacPass*, our electronic toll collection system.

MacPass – Electronic Toll Collection

MacPass, introduced in the fall of 1998, is a small transponder device that is placed on the windshield of a customer's vehicle. *MacPass* allows bridge users to pay tolls electronically from a prepaid account, which eliminates stopping to deposit cash or tokens. *MacPass* users pay a one-time deposit of $30.00 for the transponder, which is refundable upon its return, and users also receive the same substantial discounted toll rates as token users. For greatest convenience, *MacPass* can be used in all lanes. For added convenience, there are "*MacPass* Only" lanes on both bridges.

A 24-hour automated customer service line allows customers to retrieve information about their *MacPass* accounts by phone or fax. In 2001, the Commission will introduce enhanced services, which will make purchasing and maintaining a *MacPass* even easier.

Over 80% of *MacPass* users make automatic credit card payments. Presently, there are close to 28,000 *MacPass* users on the system, accounting for more than 25% of total traffic. On average, the Commission issued 32 new transponders per working day or approximately 8,000 during the year 2000. *MacPass* now represents 68% of the daily commercial traffic volume (See graph on inside back cover).

While *MacPass* is primarily seen as benefiting its users, there are benefits to all bridge traffic. *MacPass* enables customers to roll through the tolls without stopping, and the transaction time is a fraction of that required for a token or cash payment. Over the next couple of years, the Commission will continue to improve its operations by encouraging *MacPass* usage to facilitate smooth traffic flow and reduce the auto emissions that result from congestion.

The MacPass Customer Service Centre is open from Monday to Friday 8:30 a.m. to 5:30 p.m. Our staff strive to provide excellent customer service.

Far left photo: Customer Service Centre Staff have served approximately 8,000 new MacPass customers during the year 2000.

The $30.00 deposit for the transponder is now fully refundable.

"I want to take this opportunity to thank the Commission for turning the Macdonald Bridge from scrub girl into a princess! With floodlights and flags, it has become a wonderful landmark and a great harbour beacon for ocean visitors. MacPass is not too bad too!" Grant MacDonald, Dartmouth Resident

Maintenance at the Halifax-Dartmouth Bridge Commission

Throughout the year, the Commission's full-time maintenance staff are responsible for the general maintenance of the bridges, buildings, vehicles, toll equipment and other property. The overall goal of the maintenance program is to maximize the life of the bridges. This goal is combined with that of enhancing safety and convenience for Commission staff and the traveling public.

The year 2000 saw the installation of surveillance cameras, stringer reinforcement, and ongoing pier repairs. On the Macdonald Bridge, the stringers, which sit on the floor beams and support the roadway grid deck were reinforced. Pier repairs on the MacKay Bridge involved replacing the top 12 to 16 inches of concrete from the face of the pier.

A digital video recording system was installed to provide 24-hour surveillance on the Macdonald Bridge, Barrington approach ramp, sidewalk and bicycle lane. This system allows quick identification of accidents or incidents anywhere on the bridge.

Many of the Commission's maintenance activities are seasonal. Between November and April, the winter maintenance schedule is carried out. Around the clock coverage ensures that the bridges are quickly salted and cleared of snow and ice, as required. Since bridge decks freeze faster than roadways, both bridges are equipped with an ice detection system. Sensors in the roadway and weather stations at mid-span provide information about the conditions on the bridge and give advance freeze warnings, so that the bridges can be salted before ice forms.

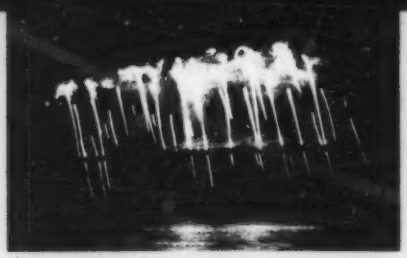
In the summer months, painting and landscaping are a priority. Painting the entire length of both bridges requires 36 painters, working five months of the year for three years. Continuous painting is necessary to keep the bridges looking good, but more importantly, to prevent rusting and corrosion of the steel. Gardening staff maintain approximately 10 acres of land around the bridges and approaches, and plant floral logos on the Halifax end of the MacKay Bridge.

The bridges are maintained in superior condition, thanks to the vigilance of our staff and the attention of our consulting engineers who conduct comprehensive annual inspections. Annual inspections serve to identify immediate, mid-term and long-range requirements to be incorporated into the maintenance schedule.

A cyclist enjoys the new bicycle lane on the Macdonald bridge, which opened permanently in June 2000.

Top left photo: The right tool for the job. Size and weight specifications were very important when selecting a vehicle for salting and plowing the bike and pedestrian lanes.

Bottom left photo: New video surveillance cameras were installed to enable continuous monitoring of bridge traffic, pedestrians and cyclists.



Sensors on the roadway and weather stations provide important information about the conditions on the bridge.

"The bridge millennium celebration was really impressive both with the crowds and fireworks. This event brought the community together, and at the same time, recognized the accomplishments of the Macdonald Bridge construction. Congratulations." Laura Kennedy, Halifax Resident

Management Discussion & Analysis

The detailed discussion and analysis that follows is provided to assist readers in their assessment and understanding of the results of operations and the financial position of the Halifax-Dartmouth Bridge Commission (the Commission). It combines an analysis of trends and year-to-year changes in the results with an outlook to the end of 2001. This discussion and analysis should be read in conjunction with the audited financial statements and supporting notes. The dollar amounts in this presentation are presented in thousands.

Accounting Policy

The Commission reports as a government business enterprise as defined by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants (CICA). Government business enterprises are required to use generally accepted accounting principles for profit-oriented enterprises in their financial reporting.

Bridge operations are overseen by equipment in our technologically advanced control room.

Results of Operations ($000's)

For the year ended December 31, 2000, income from operations was $4,586, as compared to $5,732 for 1999. The significant year over year comparative differences within revenues and expenses are discussed later in this section.

The Commission experienced positive cash flow for 2000 of $3,453, as indicated on the Statement of Cash Flows. This increase in cash resulted primarily from the completion of the renovations to the Angus L. Macdonald Bridge in 1999 and a return to normal operations in 2000.

At December 31, 2000, cash on hand was $3,851 held in an interest bearing account.

The factors having a significant impact on the 2000 results are discussed in the following sections.

Revenues ($000's)

Toll Revenue

In recent years, the Commission's toll revenues have been steadily increasing. Toll revenue in 2000 was up by $910 or 4.2% over 1999. Traffic volume in 2000 was up by 990,773 vehicles or 3.3% over 1999. Traffic mix by vehicular class explains the difference in the percentage increases. This growth was achieved as a result of reduced congestion and increased economic activity.

Other Rate Charges

Other rate charges represent amounts charged to various utilities and the municipality for the use of the Macdonald Bridge to run their cables, wires and pipes between Halifax and Dartmouth.

Investment and Sundry Income

Investment income on the Operations, Maintenance and Administration (OMA) Fund, Debt Service Fund and Capital and Sinking Funds amounted to $338 in 2000, compared to $205 in 1999. This increase was due to the Commission establishing a new Capital Fund and a new Sinking Fund as required by the Trust Indenture commencing in the year 2000. For additional detail, see the following section entitled "Appropriation to Restricted Assets."

Other Revenue

Other revenue decreased in 2000 by $55. This decrease was primarily due to a change in accounting for transponders as outlined in more detail in Note 9 to the financial statements.

Total Revenue

The revenue changes resulted in an increase of total revenue in 2000 of $998.

Revenue Outlook

Toll revenues are expected to increase through 2001 as a result of continuing increased economic activity.

Other rate charges are expected to increase slightly in 2001. Investment income is expected to increase in 2001 as a result of increased earnings from the Sinking Fund and Capital Fund, which will receive additional contributions from operations in 2001 as required by the Trust Indenture providing for the issue of the Toll Revenue Bonds Series 1. (See Appropriation to Restricted Assets for details).

Expenses ($000's)

Operating, Maintenance and Administrative Charges (OMA)

The operating expenses in 2000 were comparable with 1999.

Maintenance expenses grew by $545 in 2000 over 1999. The main reasons for this increase were stringer reinforcement of $277, pier repairs of $163 and an accrual of employee benefits of $84. (See Note 11 to the financial statements for details).

Administration expenses in 2000 were $70 over 1999. This was the net result of a number of increases and decreases with the major increases being insurance at $16 and a $47 employee benefit accrual. (See Note 11 to the financial statements for details).

Amortization of Capital Assets

Amortization (depreciation) of capital assets for 2000 was up $1,256 over 1999 due primarily to new asset additions, finalization of the Angus L. Macdonald Bridge Third Lane Project, and a reduction to the estimated remaining useful life of some components on the A. Murray MacKay Bridge as determined by the consulting engineers.

Amortization of Deferred Charges

A change in the method for issuing transponders during 2000 resulted in the creation of a deferred account, which is being amortized to 2010. (See Note 9 to the financial statements for details).

Interest on Long Term Debt and Amortization of Deferred Financing Costs

Interest on long-term debt, interest on the line of credit and amortization of deferred financing costs for 2000 was up $261 from 1999. This increase is due to higher interest rates on the line of credit, and an outstanding line of credit balance of $23,000 for the full year compared to smaller balances throughout much of 1999.

Total Expenses

Expense variations resulted in an increase in total expenses for 2000 of $2,144.

Expense Outlook

OMA expenses are expected to remain stable in 2001.

Amortization of capital assets is expected to decrease in 2001 from the amount charged in 2000. This is a result of the changes made by our consulting engineers in 2000 to the estimated remaining useful life of components on the A. Murray MacKay Bridge, some of which were one-time adjustments.

Interest on long-term debt, line of credit and amortization of deferred finance costs is expected to remain stable during 2001.

Appropriation to Restricted Assets ($000's)

Under the Trust Indenture providing for the issue of the Toll Revenue Bonds Series 1 in December 1997, the Commission established two reserve funds; the OMA Fund equal to 25% of annual OMA expenses and a Debt Service Fund equal to 50% of annual interest costs on the Toll Revenue Bonds. These reserves are restricted in their use, and are designated as such in both the asset and equity sections of the Balance Sheet. The funding of these reserves is shown as an appropriation of surplus (deficit) on the Statement of Income and Deficit.

OMA and Debt Service reserve funds will be contributed to or withdrawn from annually as necessary, to maintain the funds at their required amounts as per the Trust Indenture.

Under the terms of the Trust Indenture in 2000, the Commission established a Sinking Fund by contributing $500 quarterly and a Capital Fund by contributing $750 quarterly. These funds are restricted in their use and are designated as such in both the asset and equity sections of the Balance Sheet. Contributions to both of these funds will continue until maturity of the Toll Revenue Bonds Series 1 on December 4, 2007.

Appropriation to Restricted Assets Outlook

Under the terms of the Trust Indenture in 2001, the Commission will maintain and contribute to the four funds as outlined in the section "Appropriation to Restricted Assets."

Net Income Outlook

Revenue for 2001 is expected to increase over 2000 revenue.

Expenses for 2001 are expected to decrease slightly from 2000.

Overall, it is expected that net income for 2001 will be greater than 2000.

The weather stations are serviced on a regular basis.

Liquidity and Capital Resources ($000's)

The following discussion of Operating, Financing and Investing Activities should be read in conjunction with the Statement of Cash Flows included in the audited financial statements, which indicate a positive cash flow for 2000 of $3,453.

Operating Activities ($000's)

The Commission's operating activities generated $9,875 in positive cash flow during 2000. In 1999, a positive cash flow from operations of $6,496 was generated. Continued positive cash flow from operations is anticipated for 2001.

Financing Activities

No additional financing activities were undertaken during 2000.

The Commission expects that operating cash will provide required funding for 2001.

Investing Activities ($000's)

The Commission incurred capital expenditures of $1,177 in 2000, down from $11,925 in 1999. Under the terms of the Toll Revenue Bond Trust Indenture, the Commission maintained four reserve funds in 2000. In 2000, the OMA Fund was increased by $39 and the Debt Service Fund was increased by $86. These increases are primarily a result of accrued interest. Contributions to and accrued interest in the Capital Fund amounted to $3,092 and in the Sinking Fund amounted to $2,048.

The Canadian Corps of Commissionaires have overseen the operations of the bridge continuously since 1955.

Capital Structure ($000's)

The Commission is a non-share entity incorporated by the Province of Nova Scotia. The Commission has never paid a dividend and the payment of dividends is restricted while the Toll Revenue Bonds Series 1 are outstanding.

The long-term debt of the Commission is $123,000, which is made up of $100,000 Toll Revenue Bonds Series 1, which bear an annual interest rate of 5.95% and mature on December 4, 2007, and $23,000 on a line of credit. This revolving line of credit has a limit of $30,000 and bears a floating interest rate. For 2000, this rate ranged between 5.4% and 6.2%. The line of credit also matures in December 2007. Interest on the Toll Revenue Bonds is paid semi-annually and interest on the line of credit is paid annually.

The Toll Revenue Bonds Series 1 are rated as follows:

Dominion Bond Rating Service	AA (low)
Standard and Poors Ratings Group	A+

Regulation

Nova Scotia Utility and Review Board

For certain purposes, the Commission is deemed to be a public utility and is subject to the general supervisory powers of the Nova Scotia Utility and Review Board (NSURB). By the terms of the Commission's Act of Incorporation, the Commission is not subject to the provision of the Public Utilities Act (Nova Scotia) relating to:

(i) new construction, improvements, betterments, or extensions to its property;
(ii) issuance of shares, stocks, bonds, debentures or any evidence of indebtedness;
(iii) proper and adequate annual depreciation of its assets; and
(iv setting up, maintaining, use and disposal of depreciation reserve funds.

Toll rates for the use of the bridges are subject to NSURB approval.

Securities Regulations

The Commission is subject to securities regulation in all provinces of Canada.

MANAGEMENT REPORT

The financial statements and all the information in this annual report are the responsibility of management and have been approved by the Commission.

Management prepares the financial statements and is responsible for the integrity and objectivity of this information. The statements have been prepared using generally accepted accounting principles and methods appropriate to the Commission including where applicable, amounts based on management's best estimates. Financial information elsewhere in this annual report is consistent with that in the financial statements.

The Commission maintains a system of internal controls designed to provide reasonable assurance that transactions are recorded and executed in accordance with its authorizations practice, that assets are properly safeguarded and that reliable financial records are maintained. This system includes written policies and procedures and an organizational structure that segregates duties.

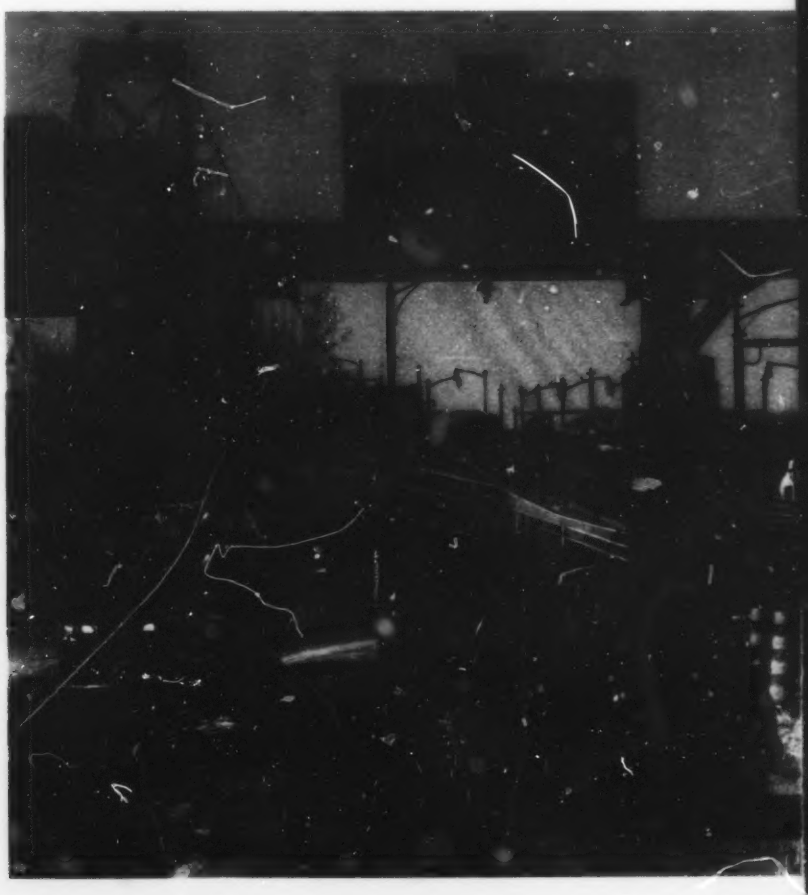
The Commission is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Commission carries out this responsibility principally through its Finance Committee.

The Finance Committee meets periodically with management and the external auditors to discuss audit and financial matters. In addition, the Committee reviews the unaudited quarterly and audited annual financial statements of the Commission and submits its report and the financial statements to the Commission for approval.

Levy Casey Carter MacLean, Chartered Accountants, the Commission's external auditors, are engaged to provide an independent audit of the annual financial statements in accordance with generally accepted auditing standards. Levy Casey Carter MacLean have full and free access to the Finance Committee.

Steven Snider
General Manager and CEO

Ken Munro
Treasurer



AUDITORS' REPORT

To the Chairman and Commissioners of
Halifax-Dartmouth Bridge Commission:

We have audited the balance sheets of the Halifax-Dartmouth Bridge Commission as at December 31, 2000 and 1999 and the statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Levy Casey Carter MacLean

Halifax, Nova Scotia
February 16, 2001

Levy Casey Carter MacLean
Chartered Accountants

Halifax-Dartmouth Bridge Commission
Balance Sheets *December 31*

	2000 ($000's)	1999 ($000's)
Assets		
Current		
Cash (note 1(f))	$ 3,851	$ 398
Receivables		
Trade	4	289
Accrued interest	29	6
Recoverable HST (note 2)	116	639
Transponder inventory (note 1(c))	-	159
Prepaid expenses	140	144
	4,140	1,635
Deferred financing costs and discounts, net of accumulated amortization of $2,597 (1999 - $1,755) (note 1(e))	5,825	6,668
Deferred transponder charges (net of accumulated amortization of $11) (note 9)	646	-
Capital assets (note 3)	76,605	80,536
Restricted assets (note 4)		
Investment - OMA Fund	1,368	1,329
Investment - Debt Service Fund	3,061	2,975
Investment - Capital Fund	3,092	-
Investment - Sinking Fund	2,048	-
	$ 96,785	$ 93,143
Liabilities		
Current		
Payables and accruals	$ 362	$ 1,773
Capital project holdbacks payable	407	753
Accrued interest payable	456	456
Refundable customer transponder amounts (note 9)	744	-
Deferred revenue (note 1(b) and 5)	2,361	2,293
	4,330	5,275
Long-term debt (note 6)	123,000	123,000
Deficit		
Reserve for restricted assets (note 4)	9,569	4,304
Deficit	(40,114)	(39,436)
	(30,545)	(35,132)
	$ 96,785	$ 93,143

On Behalf of the Board

H L Doane
Chairman

Linda Jones
Secretary

Halifax-Dartmouth Bridge Commission

Statements of Income and Deficit

Years Ended December 31

	2000 ($000's)	1999 ($000's)
Revenue		
Toll revenue (note 1(b))	$ 22,500	$ 21,590
Other rate charges	114	104
Investment and sundry income		
OMA, Debt Service, Capital, and Sinking Funds	338	205
Other	184	239
	23,136	22,138
Expenses		
Operating expenses	1,185	1,184
Maintenance expenses	2,344	1,799
Administrative expenses	1,742	1,672
Amortization of capital assets	5,104	3,848
Amortization of deferred transponder charges	11	
Interest on long-term debt and amortization of deferred financing costs (note 7)	8,164	7,903
	18,550	16,406
Income from operations	4,586	5,732
Other income		
Non-recurring GST rebate from prior years	-	652
Net income	4,586	6,384
Deficit, beginning of year	(39,436)	(45,716)
	(34,850)	(39,332)
Appropriation to restricted asset reserve	(5,264)	(104)
Deficit, end of year	$ (40,114)	$ (39,436)

Halifax-Dartmouth Bridge Commission

Statements of Cash Flows

Years Ended December 31

	2000 ($000's)	1999 ($000's)
Operating Activities		
Net income	$ 4,586	$ 6,384
Amortization of capital assets	5,104	3,848
Amortization of deferred transponder charges	11	-
Amortization of debt discount and refinancing costs	842	842
Gain on disposal of capital assets	(14)	(4)
	10,529	11,070
Net change in non-cash operating balances (note 8)	(654)	(4,574)
	9,875	6,496
Financing Activities		
Proceeds from Line of Credit	-	4,000
Investing Activities		
Proceeds from disposal of capital assets	20	14
Investment in capital fund investments	(3,092)	-
Investment in sinking fund investments	(2,048)	-
Increase in OMA Fund investments	(39)	(104)
Increase in Debt Service Fund investments	(86)	-
Purchase of capital assets	(1,177)	(11,925)
	(6,422)	(12,015)
Increase (decrease) in cash during year	3,453	(1,519)
Cash, beginning of year	398	1,917
Cash, end of year	$ 3,851	$ 398

1. Significant Accounting Policies ($000's)

a) *Basis of financial statement presentation*
The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) *Revenue recognition*
The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board.

c) *Transponder inventory*
Prior to 2000, transponders were recorded as inventory at the lower of cost and net realizable value (see Note 9).

d) *Amortization of capital assets*
Amortization is calculated using the declining balance (d.b.) method, except for bridge structures, buildings, some bridge components, and transponders which are being depreciated using the straight line (s.l.) method, at rates based on the estimated useful life of the assets, as indicated in note 3. Amortization commences in the year an asset is put in use.

Upon completion of the Macdonald bridge third lane project in 1999 the estimated remaining useful life of the major components of this bridge were increased to 40 years from 35 years for amortization purposes, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 1999 and future years.

In keeping with the Commission's policy of periodically updating the estimated remaining useful life of the bridges, the estimated remaining useful life of some of the components of the MacKay bridge were reduced to below 50 years, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 2000 and future years. The additional amount of amortization expense caused by this change for the year 2000 is $833.

e) *Amortization of financing costs*
The financing costs, discounts and hedge costs are being amortized on a straight line basis over the term of the Toll Revenue Bonds Series 1, to December 2007.

f) *Cash and cash equivalents*
Cash consists of funds held in the current bank account. Interest is received on funds in the general bank account at a rate of Prime minus 2%.

2. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

3. Capital Assets

See chart at the end of the notes.

4. Restricted assets ($000's)

Under the terms of a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company providing for the issue of Toll Revenue Bonds Series 1, so long as such Bonds are outstanding, the Commission must maintain four reserve funds, which will be funded from the revenues of the Commission, after payment of current operating, maintenance, and administrative expenses. With the exception of the capital fund, the reserve funds are held and invested by the trustee on behalf of the Commission.

The operating, maintenance, and administrative (OMA) fund must be maintained at an amount at least equal to 25% of the annual budgeted OMA expenses for the year. This fund can only be used to pay OMA expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2000, the OMA fund had a market value of $1,370 and was invested in cash and Government of Canada Treasury Bills maturing in June 2001 with a yield of 5.45%.

The debt service fund must be maintained at an amount at least equal to 50% of annual interest payments required in respect of certain indebtedness, net of interest earned by the Commission in the year. This fund can only be used to pay principal, interest, and fees in respect of Toll Revenue Bonds, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2000, the debt service fund had a market value of $3,065 and was invested in cash and Government of Canada Treasury Bills maturing in June 2001 with a yield of 5.45%.

The Commission must make quarterly contributions of $500 to the sinking fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds. At December 31, 2000, the sinking fund had a market value of $2,124 and was invested in various federal, provincial and corporate bonds maturing in 2007 with yields of 5.78% to 6.68%.

The Commission must make quarterly contributions of $750 to the capital fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds, or for the maintenance of, or improvements to the bridges. At December 31, 2000, the capital fund had a market value of $3,149 and was invested in various federal, provincial and corporate bonds maturing in 2007 and 2012 with yields of 6.08% to 6.68%.

5. Deferred Revenue ($000's)

	2000	1999
Unredeemed Tokens	$ 1,705	$ 1,811
Electronic Toll Collection (ETC) Accounts	656	482
	$ 2,361	$ 2,293

Token sales are recorded as deferred revenue until the tokens are used by customers, at which time, revenue is recognized.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

6. Long-term Debt ($000's)

	2000	1999
5.95% Toll Revenue Bonds Series 1, maturing December 4, 2007, with interest payable in semi-annual payments. The Bonds are secured by an assignment of the revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission pursuant to a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company (see note 4).	$ 100,000	$ 100,000
90 day B.A. rate + 3/10 of 1% line of credit, maturing the day following the date principal and interest are repaid in full on the Toll Revenue Bonds Series 1. This facility is a committed revolving credit of $30,000. Interest is payable annually. This debt is subordinated to the payment in full of all amounts from time to time owing to the holders of the Toll Revenue Bonds Series 1 under the Trust Indenture (see note 4). No amounts of principal or interest shall be paid by the Commission on this debt if the Commission is in default of payment of OMA expenses, principal or interest on the Toll Revenue Bonds Series 1, amounts due to be deposited into the OMA Fund, Debt Service Fund, Sinking Fund, or Capital Fund, or amounts of principal and interest due under any other indebtedness of the Commission.	23,000	23,000
	$ 123,000	$ 123,000

The estimated fair market value of the $100,000 fixed rate long-term debt, based on the quoted market price for the same issue at December 31, 2000, is $99,890.

Payments required to the Sinking Fund and Capital Fund (see note 4) over the next five years are as follows:

2001	$5,000
2002	$5,000
2003	$5,000
2004	$5,000
2005	$5,000

7. Interest on Long-term Debt and Amortization of Deferred Financing Costs ($000's)

	2000	1999
Interest on long-term debt		
Toll Revenue Bonds	$ 5,950	$ 5,950
Line of Credit	1,372	1,111
Amortization of deferred financing costs and discounts	842	842
	$ 8,164	$ 7,903

8. Net Change in Non-cash Operating Balances ($000's)

	2000	1999
Increase (decrease) in cash from changes in:		
Receivables	$ 785	$ 567
Transponder inventory	159	320
Prepaid expenses	4	(14)
Payables and accruals	(1,757)	(5,686)
Customer transponder amounts	87	-
Deferred revenue	68	239
	$ (654)	$ (4,574)

9. Transponders ($000's)

In 2000, the Commission changed its business policy on the issuance of electronic toll transponders. The Commission had previously inventoried the purchase of transponders and recognized the sale and cost of the sale of the transponder when purchased by a customer. In November 2000, the Commission implemented a policy of accepting refundable deposits for all future issuances of transponders to customers. They also revised their refund policy on all prior transponder sales to customers, whereby these sales became eligible for a full refund. Therefore, the Commission has recorded a liability for all payments received on transponders issued to customers to date. The cost of all transponders issued to customers prior to the change in policy have been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after the change in policy have been recorded as capital assets (see Note 3). In both cases, the transponders are being amortized on a straight-line basis to 2010. Profits of $26 realized in prior years on the sale of transponders to customers have been charged against income in 2000.

10. Pension Plan ($000's)

The Commission sponsors a defined contribution pension plan for all their permanent employees. No future contributions are required in respect of past service at December 31, 2000. The Commission recognized an expense of $54 for pension contributions during the year ($51 for 1999).

11. Retirement Benefits ($000's)

Commencing in 2000, generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees who retire at age 60 or later, or who become disabled at any age, will be paid a retirement benefit equal to one months salary for their first ten years of service, plus one months salary for each additional full five years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $131 in retirement benefits as at December 31, 2000. The entire amount was charged to administrative and maintenance expenses for the year. No such liability nor expense was recorded for 1999.

12. Incorporation

The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia. The purposes of the Commission are to construct, maintain, and operate bridges and their necessary approaches across Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

13. Additional Credit Facility ($000's)

The Commission has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus .25% per year. The operating facility is subject to annual review and is unsecured. If the Credit Limit is exceeded at any time, interest will be calculated on the excess amount at prime plus 2% per year. As at December 31, 2000, no advances were outstanding.

14. Comparative Figures

In some cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

Capital Assets (Note 3) ($000's)

	Rate	2000 Cost	2000 Accumulated Amortization	2000 Net Book Value	1999 Net book Value
Land		$ 5,735	$ -	$ 5,735	$ 5,735
Buildings	40 yrs s.l.	1,957	1,250	707	740
Bridge and bridge components					
A.L. Macdonald Bridge	20 to 85 yrs s.l.	66,698	10,629	56,069	58,620
A.M. MacKay Bridge	15 to 80 yrs s.l.	22,053	11,167	10,886	12,184
Electronic toll transponders	10 yrs s.l.	328	5	323	-
Computer equipment	30% d.b.	348	236	112	138
Toll and other equipment	20% d.b.	5,883	3,294	2,589	2,924
Mobile equipment	30% d.b.	757	573	184	195
		$ 103,759	$ 27,154	$ 76,605	$ 80,536

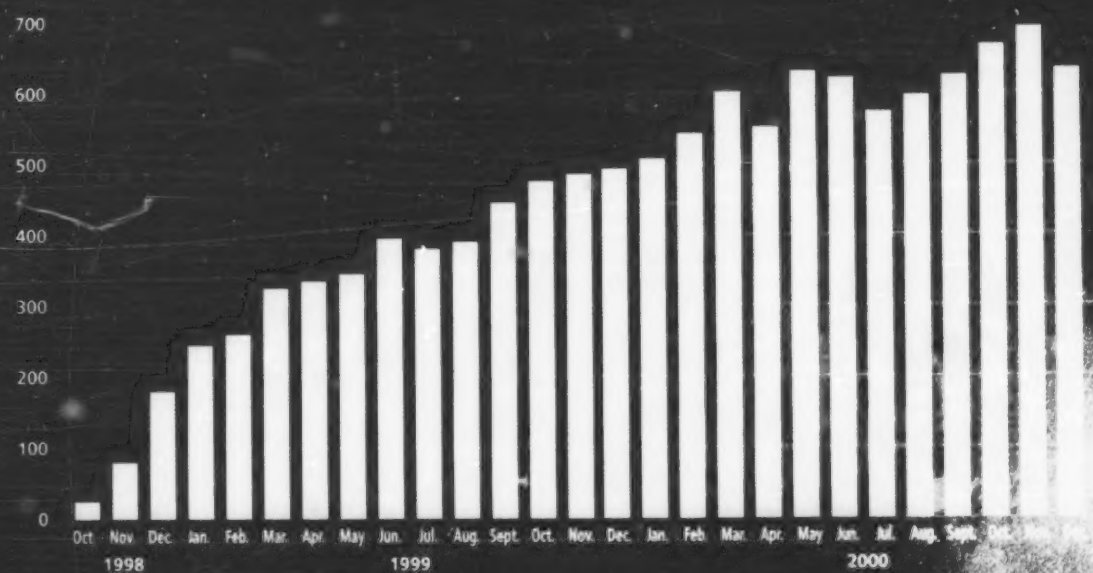
MacPass at a glance....

Percentage of total crossings with cash, tokens, and *MacPass*

In the year 2000

Cash	34.7%
Tokens	41.8%
MacPass	23.5%

Growth in *MacPass* Usage
Total number of crossings (thousands) per month



Average total monthly traffic volume exceeds 2.5 million crossings.

Front cover photo: Ken Wright Inside photos: Dan Callis Graphic Design: Karen Brown

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